



Walker Manufacturing Company

Racine, Wisconsin

S • E X H A U S T S Y S T E M S • F I L T E R S

September 21, 1962

Mr. Doug Scurr
Financial Editor
TORONTO GLOBE & MAIL
140 King W.
Toronto, Ontario, Canada

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File 98

Dear Mr. Scurr:

Following is the information we discussed during my visit to Toronto last Wednesday. You'll recall you expressed interest in having this data as early as possible.

The Board of Directors of Kern County Land Company of San Francisco will be guests of Galt Metal Industries, Ltd., in Galt, Ontario on Thursday and Friday, Sept. 27 and 28.

Galt Metal Industries is a subsidiary of the Walker Manufacturing Company, headquartered in Racine, Wis. Walker is a leading manufacturer of automotive mufflers, pipe, filters and lifting equipment. Galt Metal manufactures mufflers and pipe for the automotive original equipment and replacement markets. The attached fact sheet provides additional background.

Kern County Land Company is a large, diversified company active in the oil, cattle raising, agricultural, land, electronics, and special community development fields. The attached annual report gives you a good idea of the scope of these operations.

In 1959, the Walker Manufacturing Company was merged with KCL through a stock exchange -- and the relationship has been mutually beneficial.

* * *

That explains the relationship of Galt Metals to Walker and Walker to KCL.

Now about the two-day program in Galt.



**WALKER MANUFACTURING CO.
OF WISCONSIN**

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Purpose of the program is to enable the KCL board to observe at first-hand the production facilities of Galt Metal Industries and to strengthen the relationship between KCL and the men and women active in the local operations.

Program for the two-days includes an informal gathering at the Iroquois Hotel in Galt Thursday evening, to be followed by dinner.

On Friday, the group will tour the plant.

A presentation meeting with Galt personnel is scheduled following the tour at the Flying Dutchman Motel. The group will leave from the Kitchener airport at about 2 p.m.

* * *

At the dinner Thursday evening, brief remarks will be made by Dwight M. Cochran, president of Kern County Land Company; Rea I. Hahn, president of the Walker Manufacturing Company; and L. C. Ackerman, vice president and general manager of Galt Metal Industries.

Gist of each talk -- and this is quotable if you like:

COCHRAN: -- "Kern County Land Company has been a part of the Canadian economy since 1956 when it first went into Canadian oil ventures with Home Oil Company in Alberta. On January 1, 1958, we opened an office in Calgary.

"All our ventures in Canada have been with partners, chiefly Home and Canadian Kewanee Limited. Right now, we have 42 producible wells in Alberta and the Northwest Territories, all being joint efforts.

"As far as future operations are concerned, we believe the oil and gas industry has good growth potential in Canada. By working closely with Canadian interests, we hope to participate in this growth.

"Approximately 20,000 shares of KCL stock are owned by Canadian investors so our programs in these areas are watched with interest."

HAHN -- "We view with optimism the automotive supply outlook in Canada.

"As the number of new and used cars on Canadian roads continues to increase, we anticipate an increasing demand for the automotive products manufactured at Galt.



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"Our plans call for mounting attention to these products to improve, on a continuing basis, efficiency and long-life.

"The people at Galt see this increasing market as a great challenge and opportunity and are gearing themselves to meet this challenge head-on."

ACKERMAN -- "We want to report that Galt Metal Industries is having a favorable year. Sales are up significantly over last year. (Since the merger with KCL, no individual dollar sales volumes are reported.)

"We attribute this increase to the additional new car volume and the fact that we are making progress in the aftermarket.

"At the same time, we have made improvements in product quality as well as in production. In fact, we have invested over \$500,000 here in plant improvements within the past few years.

"Our outlook for 1963 is encouraging. We are planning a rather broad internal improvement program in the face of this outlook. The exact dollar outlay for this program has not been determined at this moment but it will be substantial."

* * *

Another note which might be of interest:

Herbert L. Reid, KCL executive vice president, was born and raised in Vancouver, Canada. He worked for six years with the Canadian National Railroad. His wife, IVY, was born in Australia and moved to Vancouver while still a baby.

Reid came to San Francisco in 1925 and returned home the following year to wed. He has two brothers in Vancouver and relatives around Hamilton. His father was born in Kitchener.

He joined KCL in 1928, was named vice president in 1948 and executive vice president in 1953.

* * *

KCL, with partners, is also associated with the recent discovery of oil in Australia. A number of wells have been drilled but much more work must be done before true significance of this discovery is known.

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Directors planning to participate for KCL are Dwight M. Cochran, president; Peter Cook, Jr.; Fred A. Davies; A. Crawford Greene; Louis Lee Haggin II; Rea I. Hahn, president of Walker; William Kent, Jr.; John T. Pigott; and Herbert L. Reid, executive vice president. Charles A. Anderson, KCL vice president, will also participate.

For Walker, in addition to Hahn, attending will be Thomas B. Earle, vice president and treasurer; Edward C. Seils, vice president in charge of manufacturing; E. F. Herman, vice president and director of sales; and the writer.

* * *

That completes the information. I hope there is sufficient material here for you to prepare your story.

If you desire additional data, I can be reached at 621-3360 at Galt on Thursday and Friday, Sept. 27 and 28. Please feel free to telephone collect.

Sincerely,

WALKER MANUFACTURING COMPANY

W. M. Carpenter
Director - Public Relations

WMC:jl
Att.

WALKER MANUFACTURING COMPANY

FACT BACKGROUND

HISTORY

Historically, the Walker Manufacturing Company was started in 1888 primarily as a jack manufacturer and in 1935 branched into production of automotive vehicle exhaust systems. These systems include mufflers, tail pipes, and related exhaust silencing equipment. In 1948 Walker moved into the oil filter and cartridge field.

While the automotive parts business is keenly competitive, Walker Manufacturing Company, through continuing engineering and product excellence, has grown to the position of broad leadership and is readily recognized as the industry pacesetter. It is traditionally Walker designs which trigger industry-wide trends.

Sales volume has consistently moved upward. In fiscal 1955, it was \$31,000,000. In fiscal 1958, it was \$41,400,000, and in 1959 in excess of \$45,100,000, the last year that sales volume was reported for the corporation.

Effective June 30, 1959, through a stock exchange, Walker was merged with Kern County Land Company, San Francisco, California. Since that date, individual sales and profit totals for Walker have not been reported independently. Nonetheless, sales have gained more than 20 per cent since the merger.

PHYSICAL PLANT

Walker Manufacturing Company has nearly 2,000,000 sq. ft. of space devoted to administration, research, design, engineering, processing and production of exhaust systems, filters and lifting equipment.

The administrative, sales, engineering and research are nerve-centered in Racine, Wisconsin, together with three plants. Additional engineering, research and production facilities are located in Jackson, Michigan, with still other plants at Aberdeen, Mississippi; Harrisonburg, Virginia; Lake Mills, Iowa; and Galt Metal Industries, Ltd., Galt, Ontario, Canada. Supplementary storage and warehouse facilities are owned or leased in both Racine and Jackson. The Harrisonburg plant, Walker's new eastern manufacturing center, encompasses 200,000 sq. ft. and was recently placed in production. The plant is manufacturing pipes and exhaust systems for the automotive industry and reflects Walker's growth in this area - the need to meet increasing demand with added production capability.

Recent expansions have also been recorded at the Aberdeen, Lake Mills, Jackson and Racine operations.



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PRODUCT

Walker offers three basic lines of automotive parts and equipment for original vehicle equipment and for the replacement market. Each contributes significantly to total sales volume and company leadership - a position enhanced by aggressive and depth research and engineering, high product quality, modern production techniques, and concerted sales, distribution and merchandising.

Exhaust Systems - The entrance of Walker into the exhaust system business was based upon an engineering idea - the now famous patented "louvered tube" which quieted the engine with a minimum of back pressure by swirling the exhaust gases in a single direction.

As engines became more refined . . . and the standards of performance and quietness and comfort grew constantly higher . . . the demands upon the exhaust system became increasingly greater - and to the original "louvered tube" were added special sound control chambers as were necessary to meet the individual requirements of each individual make and model of vehicle . . . Walker "Individual Tuning."

Then came a new generation of engines and a new standard of car performance - to create new and even more complex exhaust problems born of higher compressions . . . greater horsepower . . . automatic transmissions . . . and Walker research again kept pace with new Walker exhaust systems to meet these problems - Walker "Precision Tuning." Year after year Walker engineered exhaust systems are original equipment on America's finest automobiles and are offered as Replacement Parts for all makes and models of passenger cars and trucks. They are nationally known as Walker Silencers - a recognition by the automotive industry of the alertness of Walker exhaust system research.

Oil Filters and Cartridges - Walker Oil and Fuel Filters - newest members of the Walker family of products - have established themselves as leaders in this large market. Introduced several years ago after extended research and development, Walker Oil and Fuel Filters embody an entirely new and advanced filtering material and principle. The present line provides full coverage both of filters and replacement cartridges for passenger cars, trucks and tractors . . . supplemented by the DeLuxe Filter Line for heavy duty service on trucks, buses and stationary engines.

Lifting Equipment - Walker builds a wide selection of hydraulic type jacks for either under-axle or bumper lifting. The Walker Jack Line includes various types of mechanical and hydraulic floor jacks, car supports, automatic transmission servicing units and

and one-end lifts which are basic equipment in the more than 350,000 automotive service stations, garages and car dealers. Walker offers a jack for every shop service need.

EMPLOYMENT

Walker employment levels are nearing the 3,000 mark.

OUTLOOK

For the months ahead, Mr. R. I. Hahn, Walker president, sees the deepest penetration to date for Walker in the O.E. field. He sees increased penetration with Walker doing engineering work for, selling and servicing virtually every known truck and automobile manufacturer.

Other factors which are expected to reflect a growing market potential include:

1. The number of new car models is increasing.
2. The number of exhaust units per model is increasing. Instead of using one unit, the trend has been toward utilization of several units.
3. With the increased number of units per model goes, hand-in-hand, the need for more and different connecting pipe parts.

At the same time, Walker is offering commercially its unique double layer pipe for connections between the manifold and the muffler. The development represents a significant breakthrough in acoustical control, durability and corrosion resistance.

In fact, this development, as well as myriad other Walker firsts, has made the exhaust system an integral part of the over-all automobile power package with resultant increase in engine efficiency and mileage performance.

Walker feels these new highs in exhaust system efficiency have been achieved primarily through a shoulder-to-shoulder effort with customers - and expects this relationship to be broadened in 1962. "We live with the customer's problem - and design to solve it. It is through this direct engineering association that parts are made to function with optimum efficiency."

OTHER SIGNIFICANT DEVELOPMENTS

1. Walker filter business continues to grow. Only a short time ago, Walker O.E. filter business was confined to International Harvester trucks and other heavy duty truck applications and a single automobile manufacturer, American Motors. Today, Walker is the largest independent supplier of this product. Progress has also been made in the farm tractor and industrial fields.
2. Walker has introduced several new automatic lubrication systems which could have important sales impact. This product, while of interest to the automotive field, is finding broader application in heating and air conditioning equipment and metal-working machinery.
3. New accounts have been added on exhaust systems.
4. Walker's Canadian operation - Galt Metal Industries - is today the major independent supplier of O.E. business in that country.
5. Another milestone - Walker ceramic-coated mufflers and tail pipes are now standard equipment on American Motors cars. In this development, Walker has improved the unit by developing a unique processing drainage system for which a patent has been applied.

At the same time, the muffler has been further improved through more corrosion-resistant cover stock material as well as acoustical design advances.

In this area of exhaust systems and coating materials, Walker has set a fast pace. Walker tests show that a muffler rusts from the inside out - and Walker has perfected designs which build in corrosion protection both inside and out. Specially coated cover materials, condensate drainage, asbestos and cover and ceramic coatings have been pioneered by Walker for greatest muffler life expectancy.

6. Research continues in the field of smog control for automobiles, trucks and buses - and good progress is being made.

Walker is working with the California Motor Vehicle Pollution Control Board in Los Angeles on crankcase breather problems and on muffler smog control devices. The company's breather system has been approved while its muffler unit is the first to go on official state test.

The Company is working with American Cyanamid Company on producing an economically priced catalyst-muffler combination that will reduce smog-forming hydro-carbons as well as carbon monoxide in exhaust gases.

Both companies have developed extensive facilities for this work and mufflers are on test in California with very favorable results.

7. Research is playing an ever enlarging part of Walker activities. Expenditures for Research and Advanced Development are about 40 per cent of the total product engineering budget (exclusive of plant and process engineering) - an unusually high total. It does, however, indicate the vigorous role R. & D. is playing at Walker.

At the same time, new facilities are being utilized fully. This includes 10 new laboratories completed in the past three years for smog testing, acoustical research, corrosion research, air filter testing, combustion research, fluid metering, organic chemistry, oil filter research and mechanical research, as well as extensive road test facilities and several new dynamometer complexes.

Research personnel, too, has kept pace, about doubling in the past three years.

* * * * *

With a 76,000,000 vehicle market, Walker believes it is facing its greatest challenge and opportunity - and is gearing itself to meet this challenge head-on.

* * * * *

Walker Board of Directors

Dwight M. Cochran
Thomas B. Earle
Louis Lee Haggin, II
R. I. Hahn
E. F. Herman
Malcolm K. Whyte
Charles A. Anderson

Officers of the Walker Manufacturing Company

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FOR ADDITIONAL INFORMATION

William M. Carpenter
Director - Public Relations

